

and tax-exempt, that are located in the State and that elect to access HPS pricing for the Products under the Master Group Agreement and Individual Member/Participant Agreements (“**HPS Institutions**”). The forecasted quantity of purchases of Products by HPS Institutions in the State during the original, one-year term of the Master Group Agreement is anticipated to be \$5,000,000. HPS projects, but does not guarantee, that if the Master Group Agreement is renewed, such sales volume in the State will increase by 15% each year. The Products include items covered by the National School Lunch Program and the other CN Programs administered by the Food and Nutrition Service (“**FNS**”) of the United States Department of Agriculture (“**USDA**”). After the award of the contract for Broadline Distribution Services, HPS, on behalf of the HPS Institutions, will enter into processing agreements with all awarded USDA Commodity vendors listed in the Awarded Distributor’s proposal. The processing agreements will comply with 7 CFR Part 250. Each HPS Institution will have the right to enter into its own processing agreement(s).

HPS makes this request on behalf of the HPS Institutions, including any SFAs that operate CN Programs and that are or in the future become HPS members or group purchasing participants and enter into Individual Member/Participant Agreements (defined below) with the Awarded Distributor. Responding vendors should be aware that the names and number of HPS Institutions in the State may change during the term of the Master Group Agreement. The Products and pricing of the awarded Master Group Agreement may be available to other HPS Institutions in the State that are not listed on the attached **Exhibit A**, but that join HPS and sign Individual Member/Participant Agreements after the procurement and award of the Master Group Agreement. However, in no event will the number of HPS SFAs exceed the number of SFAs in the State. HPS Institutions are not required to participate, but the commercial and commodity pricing offered in this proposal will be open to any HPS Institution in the State that may join HPS at any time to take advantage of that pricing. By submitting a proposal, the responding vendor agrees to make the same contract terms and conditions, Products, and prices available to other such HPS Institutions.

This solicitation is intended to promote full and open competition. If the responding vendor believes the language, specifications, terms, and conditions restrict or limit the requirements in this solicitation to a single source, it is the responding vendor’s responsibility to notify Ms. Tori Mascho in writing, at tmasco@hpsnet.com so as to be received within five (5) business days after the date the solicitation is issued by HPS. The solicitation may or may not be changed, but a review of such notification will be made prior to the award of contract.

SECTION 3. QUALIFICATIONS AND RESPONSIBILITIES OF DISTRIBUTOR.

a. **Broadline Distribution Services:** The Awarded Distributor must provide the following “**Broadline Distribution Services**” as allowed by the State Department of Education or other State agency having jurisdiction:

1. Perform year-around distribution (including ordering, storage, delivery and electronic tracking) of food (commercial and USDA Commodities), supplies, materials, equipment, and all other Products related to a food service operation for all participating HPS Institutions in the State who elect to access HPS pricing. **Agreed**
2. Provide an acceptable electronic method for HPS on behalf of the HPS Institutions to analyze proposals as well as keep track of orders, rebates, deliveries, invoices, and quarterly reports. **Agreed**

3. Provide monthly market basket audits for items to confirm manufacturer prices as compared to the Consumer Price Index (CPI) as well as pass through of all applicable discounts, rebates, and credits. **See Tab 2 GFS Audit Procedure**
4. Provide HPS with appropriate purchasing documents for Products on a quarterly basis so that HPS may audit the pricing mechanisms used. **See Tab 2 GFS Audit Procedure**
5. Provide contracts, pricing and information, search information, technical information, etc. via a web site. **Agreed**
6. Provide field staff to assist the HPS Institutions. **Agreed**
7. Distribute USDA Food products, along with commercial products. (See Section 3b, “USDA Foods”, below). “USDA Foods” or “USDA Commodities” include value-added (brown box), processed or non-processed foods under any approved USDA delivery method, Department of Defense (“DoD”) program(s), Rebates or USDA pilot programs. **Agreed**
8. Upon request, provide copies of all procurement documents to the applicable State Department of Education or any HPS Institution, to demonstrate compliance with CN Program and government-wide regulations, including Buy American. **Agreed, to the extent such regulations or requirements are applicable to Distributor.**
9. Provide member-based input and evaluation of food items, supplies, and materials bid/proposal responses prior to award. **Agreed**
10. Provide HPS Institutions with information regarding any Buy American requirements, nutritional facts, CN label, or bid specification sheet(s) as requested. **Agreed**
11. At the request of any HPS Institution that wishes to develop or update a plan for responding as a CN Program operator to a “disaster” or “situation of distress,” as those terms are defined in 7 CFR 250.2, the Awarded Distributor will provide reasonable assistance, support and cooperation to any such HPS Institution in connection with developing or updating such response plan, consistent with all applicable laws and regulations, including without limitation 7 CFR 250.69 and 7 CFR 250.70 **Agreed**
12. Collect and disburse the annual volume discounts earned by eligible K12, college and university HPS Institutions based on purchases from vendors that participate in HPS’s volume discount incentive program. HPS has secured tiered discounts from participating vendors based on the volume of purchases of eligible cases of commercial and USDA Foods under the HPS program from those vendors by K12, college and university HPS Institutions. The Awarded Distributor shall : (A) Collect the volume discount incentive due to HPS Institutions by deducting the amount of the discount from an anticipated future Product payment to the participating vendor; (B) Process payment of the deducted amount to the appropriate HPS Institutions by means of individual customer credit memos; (C) Send vendors an annual statement detailing the volume discount activity during the prior year; and (D) Make final payments based on the final, adjusted volume schedule. **Agreed, provided GFS is awarded all K-12 RFP Contracts**

13. Make purchases of specified Products on behalf of HPS Institutions at the lowest price, including freight. **Agreed**
14. Communicate information regarding anticipated market price changes and availability. **Agreed**
15. Provide manufacturer information and tracking systems on specials and rebate information, including without limitation food show rebates. **Agreed**
16. Present or demonstrate new products or concepts in conjunction with brokers or manufacturers. **Agreed**
17. Upon HPS request, seek proposal pricing for new products as new products become available during the Master Group Agreement term. **Agreed**
18. Interface with the manufacturers about problems relating to product quality to the satisfaction of the HPS Institutions. In the case of quality disputes, the manufacturer may be required to provide an independent or third-party laboratory analysis. **Agreed, See Tab 3, U.S. Product Complaint Process Overview**
19. Provide quick, effective response to HPS Institutions' questions and issues with orders, deliveries, paper transactions, billings, or product performances. Communications may be in writing, e-mail, telephone, voice messaging, and/or in person in a timely manner. **Agreed**
20. Assign a regular account representative for each HPS Institution unless other arrangements are made with the HPS Institutions. **Agreed**
21. Provide accurate, reliable and timely reports, in terms of invoices, statements, credits and usage reports and other information as required by law or requested by HPS. Moreover, the Awarded Distributor must provide data spontaneously for periodic review of prices by HPS. **Agreed**
22. Provide electronic data as required for HPS to gather combined velocity and reporting information for all HPS Institutions individually, including without limitation the following data points: **Agreed, Nutritional Item Service for Schools, is dependent on the Award for all K-12 RFP Contracts**
 - A. Daily Transactional Data
 - i. Daily electronic invoices data (810)
 - ii. Includes Distributor Part Number, Description, Manufacturer/Vendor, Vendor Part Number, Price, Unit, Qty Invoiced, Package String, and Distribution Center that Product was sold from
 - B. Distributor Product Masterfile
 - i. Weekly update of all active and available items
 - ii. Includes Distributor Part Number, Description, Manufacturer/Vendor, Vendor Part Number, Package String, Category, Sub-Category